



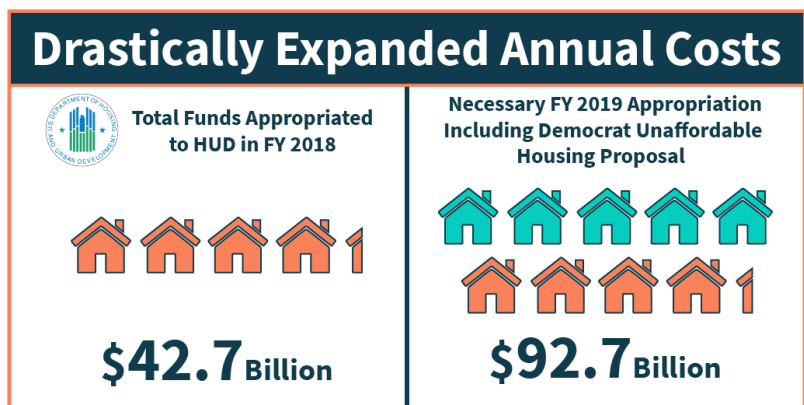
HOUSE
BUDGET
COMMITTEE

Unaffordable Housing

A recent Democrat proposal, the *American Housing and Economic Mobility Act of 2018* (S. 3503), would use new federal funding to increase regulation and grow federal housing programs. The legislation would establish new grants with the goal of increasing housing affordability. However, this proposal is not only a budget buster, but it is unnecessary and would not achieve its intended outcome.

Expanded Housing Would Bust the Federal Budget. The *American Housing and Economic Mobility Act of 2018* calls for \$50 billion in new spending each year – \$500 billion over ten years – to help build homes and communities for lower-income and middle-class families. Roughly \$470 billion of this total would be allocated to the Housing Trust Fund and the Capital Magnet Fund.¹ The bill would also establish a new Middle-Class Housing Emergency Fund, which would be awarded \$4 billion annually. In ten years without offset, this proposal would add \$92 billion to net interest spending.

There are 20 federal entities that administer 160 programs for housing assistance, and the Federal Government already allocates large sums to housing assistance programs.² Yet, this proposal would more than double the entire annual appropriation for the Department of Housing and Urban Development (HUD) of over \$40 billion. Over HUD's lifetime, the agency has received more than \$1.7 trillion to address affordable housing.³ But even with the assistance offered by dozens of HUD programs, many Americans still cannot access affordable housing. Many of HUD's programs are duplicative and inefficient, and this proposal would add new layers to programs, increase federal regulation, and waste money.



Expanded Housing is Unworkable. Many American families struggle with the high costs of housing, making it difficult to find an affordable place to live and focus on other important family financial matters. It is a priority of all lawmakers to make renting and buying a home more affordable for Americans. However, the *American Housing and Economic Mobility Act of 2018* fails to address many of the factors driving up the costs of housing. The housing market is complex, and housing affordability and accessibility have been significantly limited by regulations passed and promulgated by Democrats. For example, regulations stemming from the *Dodd-Frank Wall Street Reform and Consumer Protection Act* have made it significantly more challenging for individuals and families to obtain a mortgage to purchase a home. Without a serious evaluation of the impact of such regulations, attempting to revitalize the market through federal spending increases would be ineffective.

Republican Solutions for Housing. Americans should not have to rely on federal housing assistance programs to enjoy affordable housing. Instead of simply increasing funding for housing programs, Republicans have supported legislation that reduces regulation to create a more competitive housing market, promote smart lending to homebuyers, make housing assistance programs more sustainable, streamline federal programming, and ensure that assistance goes to those most in need. Congress should continue to focus its efforts on curtailing regulations that stymie the development of new, affordable housing.

¹ "Addressing the Affordable Housing Crises", Mark Zandi, Moody's Analytics, <https://www.warren.senate.gov/imo/media/doc/Moody's%20Report%20on%20American%20Housing%20and%20Economic%20Mobility%20Act1.pdf>.

² "Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue pp. 186-194", U.S. Government Accountability Office, February 2012.

³ "Views and Estimates of the Committee on Financial Services on Matters to be Set Forth in the Concurrent Resolution on the Budget for Fiscal Year 2019", Committee on Financial Services, https://financialservices.house.gov/uploadedfiles/fsc_fy19_budget_views_and_estimates_final.pdf.